CIVIL LEGAL SERVICES SOA | 2003/04 ANNUAL REPORT

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LETTER TO THE LIEUTENANT GOVERNOR

ATTORNEY GENERAL
MINISTER OF JUSTICE

Room 104
Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

May It Please Your Honour:

I have the honour of presenting the Ninth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ended March 31, 2004.

Respectfully submitted,

Gord Mackintosh
Minister of Justice
Attorney General

LETTER TO THE MINISTER

Manitoba

Deputy Minister of Justice
and Deputy Attorney-General

Room 110
Legislative Building
Winnipeg MB R3C 0V8

July 23, 2004

The Honourable Gord Mackintosh
Minister of Justice
Attorney General
Room 104 Legislative Building
450 Broadway
Winnipeg MB R3C 0V8

Dear Minister:

I am pleased to submit for your consideration the Ninth Annual Report of the Civil Legal Services Special Operating Agency for the fiscal year ending March 31, 2004.

The results of the 2003/04 fiscal year indicate that Civil Legal Services (CLS) has operated successfully and effectively by focusing on client service. The results also indicate that the advantages of SOA status, including the flexibility to hire staff as required to provide service levels appropriate to client demand, the ability to plan on a long term basis, and the ability to acquire equipment and supplies that support effective operation and promote a good working environment, are essential to CLS sustaining the provision of high quality legal services to its clients and in recovering the full cost of its operations.

The Advisory Board is pleased with the continued success of CLS and encouraged by the commitment of its employees and the support of its clients.

All of which is respectfully submitted,

Bruce A. MacFarlane, Q.C.
Deputy Minister of Justice
Deputy Attorney General

DIRECTOR'S REPORT

Manitoba

Justice

Civil Legal Services
SOA

Room 730
Woodsworth Building
405 Broadway
Winnipeg MB R3C 3L6
CANADA

July 23, 2004

Foreward

It is with great pleasure that I present the Ninth Annual Report of the Civil Legal Services (CLS) Special Operating Agency.

This report provides an overview of CLS and outlines its accomplishments during its ninth year (2003/04) as a Special Operating Agency (SOA).

The members of CLS are committed to providing timely, quality, helpful, efficient and cost effective legal services that meet the needs of its clients.

The results described in this annual report reflect the commitment and cooperation of all members of CLS.

Tom G. Hague
Director

PROFILE OF CIVIL LEGAL SERVICES

Civil Legal Services

The role of Civil Legal Services ("CLS") flows from the constitutional and statutory[1] responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, Civil Legal Services is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Government of Manitoba, the government's agencies, boards and committees and some Crown corporations.

Special Operating Agency Status

CLS remains a branch within the Department of Justice of the Province of Manitoba and is accountable to the Deputy Minister and Minister for operational and financial performance. As a special operating agency, CLS operates outside of the Consolidated Fund and under the Special Operating Agencies Financing Authority ("SOAFA"), which holds title to CLS's assets, provides financing for operations and is responsible for CLS's liabilities. Accountability is supported by CLS's compliance with its Operating Charter, transfer agreement, management agreement, applicable General Manual of Administration policies and *The Special Operating Agencies Financing Authority Act* ("*The SOAFA Act*").

The increased management authority and more rigorous planning and reporting requirements afforded by special operating agency ("SOA") status have assisted CLS in sustaining the provision of high quality legal services to its clients.

[1]The statutory basis for the Minister's responsibility is set out in sections 2 and 2.1 of *The Department of Justice Act*, C.C.S.M. c. J35.

MISSION, OPERATING PRINCIPLES AND CRITICAL SUCCESS FACTORS

Mission of CLS

CLS's mission is to provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services.

Operating Principles

CLS's mission and goals are supported by the following operating principles:

- service is customer focused
- service is cost-effective
- a commitment to the highest standards of service

Critical Success Factors of CLS

Factors critical to the success of CLS are:

- providing timely, high quality, helpful, efficient, cost-effective legal services that meet the needs of its clients;
- determining its effectiveness in meeting its clients' needs;
- identifying better ways to meet its clients' needs for legal services;
- improving communication between CLS and its clients and communication within CLS;
- improving job satisfaction; and
- developing means to assist staff to work as effectively as possible to satisfy changing client needs and to make adjustments to deal with increasing work loads, deadlines and the pressure of reduced resources.

COST RECOVERY BY CIVIL LEGAL SERVICES

On April 1, 1992, CLS became the first government legal services office in Canada to recover the cost of providing legal services to its clients.

On April 1, 1995, CLS commenced operation as a special operating agency.

In fiscal year 2003/04, clients were billed at the rate of $129.00 per hour[2] for services provided by CLS counsel, being the amount required to cover all of CLS's costs and break even. All of CLS's costs are covered by this hourly rate, including salaries, operating costs (including rent) and employee benefits (including pension benefits).

The CLS cost recovery system operates in a fashion similar to billing systems used by private law firms. Time spent by counsel in providing services is billed in increments of one-tenth of an hour. Each counsel keeps a daily record of time for services provided, indicating the client for whom the work was performed, the file on which work was performed, a brief description of the service provided and the amount of time expended. In fiscal year 2003/04, clients were provided with detailed statements of account showing the services provided on each file on a monthly basis.

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[2]

Year	Hourly Rate
95/96	$97
96/97	$97
97/98	$97
98/99	$97
99/00	$101
00/01	$105
01/02	$123*
02/03	$126

*In 2001/02, CLS increased its hourly rate by $4.00 to $109.00 per hour for services provided by CLS counsel. The rate of $109.00 per hour made no provision for increased salary costs. The Manitoba Association of Crown Attorneys (MACA), which represents CLS counsel and other Crown counsel and Crown attorneys, had not signed a collective agreement for the period commencing April 1, 2000. The matter was submitted to a Board of Arbitration. The salary increase that resulted from the arbitration went beyond the general salary increase provided in the collective agreement with MGEU and resulted in CLS incurring added salary and benefit costs. Upon the settlement of the new collective agreement between MACA and the Province, CLS returned to Treasury Board with a financial plan to address the implications of the increase in salary and benefit costs. Effective November 1, 2001, CLS increased its hourly rate to $123.00 per hour to cover the increased salary and benefit costs resulting from the arbitration award.

LEGAL SERVICES

CLS Services

CLS provides a full range of legal services in the following areas:

- Aboriginal Law
- Access to Information and Privacy Law
- Administrative Law
- Civil Litigation
- Constitutional Law
    - assisting the Constitutional Law Branch in some cases involving the application of the *Canadian Charter of Rights and Freedoms* and in Aboriginal self-government issues
    - providing advice on the constitutional division of powers and taxation issues
- Contracts and Agreements
- Conveyancing
- Corporate and Commercial
- Information Technology Law
- International Law
- Legal Opinions
- Legislative Review and Policy Development (which occasionally includes drafting legislation)
- Training and Education

Use of Outside Counsel

CLS provides most, but not all, civil legal services to government and its agencies. In appropriate circumstances, at the request of a client, outside counsel is retained by the Department of Justice, through CLS.

The current policy respecting the circumstances when outside counsel are retained provides considerable flexibility in meeting the clients' needs. At the request of a client, the Department of Justice, through CLS, will continue to retain outside counsel on a case by case basis where:

(a) the type of legal service required involves a degree of specialization which is not ordinarily available within CLS;

(b) the nature of the matter creates a conflict of interest for government legal counsel;

(c) it is more cost-effective to retain outside counsel; or

(d) the matter is of such magnitude that it would not be possible for CLS to provide the services while continuing to meet the needs of other clients.

STRUCTURE OF CIVIL LEGAL SERVICES

Staff

As of March 31, 2004, CLS staff consisted of:

- 1 director
- 31 legal counsel
- 1 administrative officer
- 20 administrative assistants *(15 in regular positions and 5 in term positions)*
- 1 financial officer
- 1 accounting clerk
- 2 articling students
- 1 student

CLS supports flexible work arrangements, including job sharing, part-time work arrangements and flexible hours, to accommodate the balancing of career and family. During 2003/04, five legal counsel and twelve administrative assistants worked in varied work arrangements.

Key Personnel

All members of CLS are key personnel and are committed to using their best efforts to advance the CLS mission of providing timely, high quality, helpful, efficient and cost-effective client-focused services. The provision of legal services requires a strong knowledge of the law and government issues as well as a high degree of collaboration, cooperation and consultation among members of CLS and with other counsel in the Department of Justice. All members have demonstrated these skills. They have also worked extremely hard to meet the service and operational goals of CLS.

Members of CLS are encouraged and given support to upgrade their skills.

Organization of Counsel

Legal counsel are divided into three teams, each headed by a team leader.

One team is designated as the litigation team and the members of this team perform most of the CLS litigation work. Litigation coming into the office is generally assigned to counsel by the litigation team leader. The second team consists of counsel whose area of practice is primarily corporate/commercial law and information technology work. The third team, the Crown law team, consists of counsel who provide a wide range of legal services.

The only legal position dedicated to management is that of Director. All counsel, including the Director, provide legal services to clients. Most counsel are assigned to provide legal services to one or more client departments or agencies. The larger clients are served by more than one counsel.

Administration

The day to day operations of CLS are managed by the Director, who reports directly to the Deputy Minister of Justice.

Within CLS, the "Action Committee" deals with administrative and other matters affecting its operations. The Action Committee consists of the Director, six legal counsel, the Financial Officer, the Administrative Officer and two administrative assistants and generally meets on a monthly basis.

All members of CLS are expected to do what is necessary to meet client needs. They are given information and authority needed to provide clients with timely and appropriate services.

ADVISORY BOARD

The Director provides plans and reports to the Advisory Board, established under the CLS Operating Charter, for review and consultation. The Advisory Board members are appointed by the Minister of Justice and the Board is chaired by the Deputy Minister. The Board's role is to provide advice to CLS on its direction, the provision of services, its structure and on its mandate, business practices and financial reporting requirements.

In fiscal year 2003/04, the members of the Advisory Board were:

Ex officio

- Deputy Minister of Justice
  Chairperson
- Assistant Deputy Minister of Justice
- Director of CLS

External Representatives

- Richard Olfert
  Managing Partner
  Deloitte & Touche
- Don Martin
  President
  Don N. Martin Financial Services

Client Representatives

- Hugh Eliasson
  Deputy Minister
  Industry, Economic Development and Mines
- Marlene Zyluk
  Registrar of Motor Vehicles and
  Assistant Deputy Minister of Driver and Vehicle Licencing
  Transportation and Government Services

Representative of the Members of CLS

- C. Lynn Romeo
  General Counsel

CIVIL LEGAL SERVICES CONTACTS

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Team Leader and General Counsel
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Gail E. Mildren
Team Leader and General Counsel
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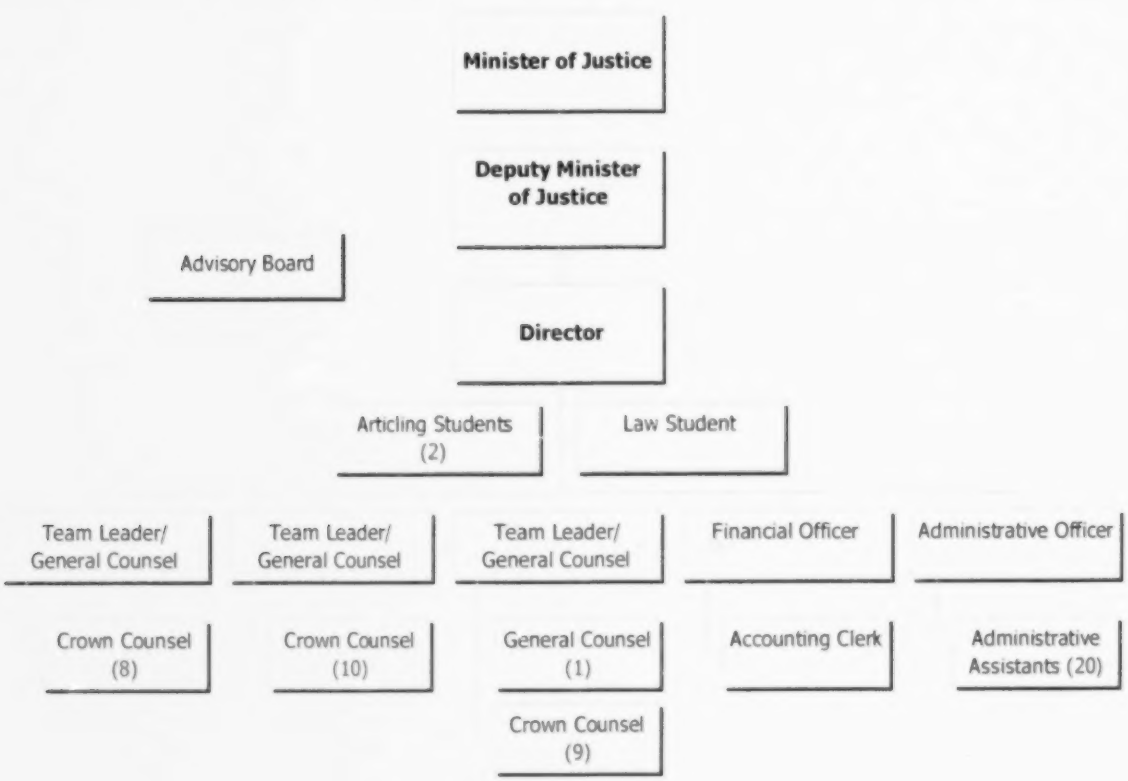
C. Lynn Romeo
Team Leader and General Counsel
Phone: (204) 945-2845

CIVIL LEGAL SERVICES ORGANIZATION CHART 2003/04



SUSTAINABLE DEVELOPMENT

In December 2002, in accordance with Manitoba's Sustainable Development Procurement Guidelines, an Organizational Action Plan for the Department of Justice was developed. CLS adopted the 2002 – 2004 Action Plan of Justice and implemented the goals that were applicable to its operation.

All CLS employees have worked toward the common objective of realizing the Province's sustainable development goals. The use of duplex printing and double-sided photocopying to reduce paper consumption, and participation in recycling programs were common practice in 2003/04. When feasible, CLS purchased and used environmentally preferable products and services, e.g. recycled paper and recycled toner cartridges for printers and fax machines.

PERFORMANCE INDICATORS AND ACHIEVEMENTS

In the 2003/04 CLS Business Plan, CLS established the following performance indicators for the year which set achievement levels for CLS.

Client Satisfaction

Performance Indicator: Meetings with clients to discuss service.
Performance: Meetings completed.

Over the 2003/04 fiscal year, the Director of CLS met with the Deputy Ministers and/or representatives of CLS's client departments and representatives of its Crown corporation clients to discuss the commitment of CLS to providing client-focused, high quality services; the services provided and the benefit of those services to the client; the cost-effective nature of the services; and client concerns and issues.

Performance Indicator: Use Client Comment Cards to regularly solicit client feedback as to their level of satisfaction.
Performance: Client Comment Cards distributed.

Since March 1997 CLS has been sending out Client Comment Cards on a quarterly basis to clients in order to obtain ongoing feedback. The feedback continues to be very positive with 93% of clients responding to the Client Comments Cards in 2003/04 indicating that they were satisfied or more than satisfied with the services provided.

Performance Indicator: Review of Service Standards.
Performance: Service Standards reviewed.

The CLS Service Standards were established in 1995/96, and have been reviewed regularly. Service standards are needed to ensure client satisfaction with the services provided and to assure the ongoing maintenance of a high standard of service delivery. CLS Service Standards are designed to ensure that CLS will continue to provide clients with a service which they value by providing a measure by which the quality of the legal services provided by CLS may be judged by those receiving the services (the client) and others, and by providing the staff of CLS with objective standards to be observed in carrying out their responsibilities.

There was nothing in the feedback from clients in 2003/04 to suggest that any amendment was required in the CLS Service Standards. Accordingly, CLS determined that no change to the Standards was necessary.

Performance Indicator: Publish three information bulletins.
Performance: Three information bulletins published.

In order to inform its clients on significant legal issues and related matters of interest, CLS published three Information Bulletins in 2003/04:

- *The Personal Information Protection and Electronic Documents Act (Canada) - PIPEDA: Protection of Personal Information in the Private Sector*
- *When Does a Regulatory Inspection Become a Penal Investigation?*
- *Criminal Liability of Organizations for Workplace Safety Related and Other Offences: Federal Bill C-45*

To achieve the widest possible distribution of its Information Bulletins across government, CLS posted these and other recently published bulletins on the Justice Intranet.

Performance Indicator: ***Educational seminars for clients on current legal issues and developments.***

Performance: ***Members of CLS were directly involved in providing or presenting at a variety of seminars.***

CLS counsel were involved in providing a number of seminars, presentations and training sessions, including the following:

Seminars/Presentations and Workshops/Training Sessions

Client/Participant	Topic/Issue
Association of Assessing Officers of Manitoba	• Legal issues for assessing officers • Jurisprudential/legislative developments
Government Access & Privacy Coordinators	• *The Freedom of Information & Protection of Privacy Act* ▪ Section 28 – Economic and other interests of government or a public body ▪ Sections 26, 27, 29, 30, 31 and 32 – Harm to property, solicitor-client privilege, etc. • Criteria for identifying "government agencies" to be brought under *FIPPA* • Presentations re ▪ "personal information", "personal health information" and potentially identifying information ▪ "consent" and privacy ▪ *Personal Information Protection and Electronic Documents Act* (Canada) ▪ Collection of personal information and personal health information
Justice – CCOHR	International human rights process – *Convention on the Elimination of Discrimination Against Women*
Justice – Manitoba Human Rights Commission	• Canadian Association of Statutory Human Rights Agencies (CASHRA) Conference ▪ National human rights commission counsel ▪ Significant recent developments in human rights law • Recent developments in human rights law (Government and private sector HR professionals) • Practical Solutions for Workplace Accommodation (Law Society/MBA)
Labour – Office of the Fire Commissioner	• Legal liability issues for building inspectors • Legal liability issues for fire inspectors • Fire Inspector Course
Law Society of Manitoba	*Personal Information Protection and Electronic Documents Act (Canada)*
Manitoba Association of Crown Attorneys	International Human Rights System
Manitoba Bar Association	• Mid-Winter Meeting - Urban Reserves in Manitoba: New Relationships from Old Promises • Civil Litigation Section - Amendments to *The Fatality Inquires Act* • Administrative Law Section – Revisions to Administrative Justice System in British Columbia
Manitoba Information & Communications Technologies (MICT) Legal Issues Working Group	Privacy Impact Assessments when contracting for IT services
University of Winnipeg – Administrative Law	Judicial review

Job Satisfaction

Performance Indicator: ***Act on results of the third CLS Job Satisfaction Survey conducted in 2001/02, focusing on the ongoing issue of workplace overcrowding.***

Performance: ***Not able to address concern of overcrowding.***

One of the major issues raised by staff in the 1998 Job Satisfaction Survey was the concern about overcrowding in the workplace, and this issue was once again raised as a primary concern in the 2001 Job Satisfaction Survey.

In June 2000, the initial concern was alleviated somewhat by CLS taking occupancy of the space that had been occupied by the Constitutional Law Branch on the 7th floor of the Woodsworth Building. The issue was to be further addressed by a planned move of CLS into the Family Law Branch space on the 7th floor; however, because the move continues to be delayed, the lack of space continues to be a serious concern. Government Services has advised that it is uncertain as to when CLS will be able to access this space.

Performance Indicator: ***Focus on use of CLS Annual Staff Review Process.***

Performance: ***Staff reviews conducted.***

Implemented in 1997/98, the review process with respect to the members of CLS is intended to facilitate achieving the Mission of CLS and to contribute to the benefits identified as flowing from the Review Process, including: improving communication within CLS, clarifying roles and expectations, improving job satisfaction, assisting with career planning and training, and assisting the members of CLS to work as effectively as possible.

Fiscal Performance

Performance Indicator: ***Break even on operations.***

Performance: ***CLS recovered the cost of operations with a larger surplus than was budgeted for.***

Performance Indicator: ***To meet daily average billable hour target of 6.0 hours per billable day over the year.***

Performance: ***Target exceeded.***

The daily average billable hour target per lawyer of 6.0 hours per billable day during 2003/04 was exceeded and CLS recovered the cost of its operations. These results reflect a high level of productivity on the part of the members of CLS.

PERFORMANCE MEASUREMENT

Performance measurement outcomes for staffing, client service, client satisfaction and cost savings are attached as Appendix A.

Cost Effectiveness

(In Thousands)

Annual Cost Savings

The cost recovery for legal services was introduced as a budget reduction measure. Unlike the approach taken with respect to the recovery of rental costs by Government Services, the client departments of CLS were not given any additional funding to cover the cost of legal services. This means that the amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government.

Following this approach, the total savings from April 1, 1995, to March 31, 2004, are $33,306.

Net Income

As CLS operates very cost effectively, such that each year it has recovered an amount that exceeds its annual operating costs, the difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year in effect is another way of calculating a cost savings as those funds are collected by CLS from clients but not expended. Looking at savings in this fashion, the annual net income of CLS each year could be considered to be a government cost saving.

Total savings to March 31, 2004, are $2,514.

Revenue Sharing

A third way of calculating cost savings to government would be to include revenue sharing payments from the retained earnings of CLS paid to government. In 1998/99, CLS made a $400 revenue sharing payment to the government and in 1999/2000, CLS contributed $500. In 2000/01, CLS was directed to budget for a $500 payment towards revenue sharing. No revenue sharing payment was required for 2001/02. CLS was directed to submit revenue sharing payments in 2002/03 and 2003/04 in the amount of $200 each fiscal year.

Total savings to March 31, 2004, are $1,800.

FINANCIAL

(In Thousands)

Summary

Financial highlights from the 2003/04 fiscal year are given below:

($ Thousands)	Actual 2002/03	Actual 2003/04	Budget 2003/04	% Variance
Recoveries	$ 4,789	$ 4,668	$ 5,066	-7.9
Other Income	6	6	6	0.0
Income before Expenses	**$ 4,795**	**$ 4,674**	**$ 5,072**	**-7.9**
Expenses				
Advertising and Promotion	2	4	3	33.3
Amortization	42	52	52	0.0
Communications	42	38	42	-9.5
Computer	34	37	40	-7.5
Desktop Management Initiative	221	203	242	-16.1
Equipment Rental	5	4	3	33.3
Government Records Centre	8	16	7	128.6
Law Society Fees	33	35	35	0.0
Major Law Cases Disbursement Fund	25	22	25	-12.0
Miscellaneous	5	7	7	0.0
Occupancy	162	173	173	0.0
Office	36	46	49	-6.1
Postage and Deliveries	10	8	11	-27.3
Professional Fees and Services	45	42	55	-23.6
Publications	26	28	25	12.0
Travel	31	27	46	-41.3
Wages and Benefits	3,705	3,786	4,151	-8.8
Total Expenses	**$ 4,432**	**$ 4,528**	**$ 4,966**	**-8.8**
Net Income	**$ 363**	**$ 146**	**$ 106**	**37.7**
Retained Earnings, beginning of year	605	768	768	
Revenue Sharing	(200)	(200)	(200)	
Retained Earnings, end of year	**$ 768**	**$ 714**	**$ 674**	

As a special operating agency, the financial statements of CLS and the results of its operations and cash flow have been prepared in accordance with Canadian generally accepted accounting principles using the accrual method.

Income

CLS's net income for the 2003/04 fiscal year is $40 (37.7%) over budget, which is attributable to:

(a) CLS's ability to use its staffing flexibility to provide a level of service appropriate to client demand; and

(b) a high level of productivity on the part of the members of CLS.

Expenses

Total expenses for CLS to March 31, 2004, are $438 (8.8%) under budget. This is attributable to:

Desktop Management Initiative

Desktop Management Initiative is $39 (16.1%) below budget.

Professional Fees and Services

Professional Fees and Services are $13 (23.6%) below budget due mainly to a decrease in training and education expenses in support of the government's expenditure management exercise.

Travel

Travel costs are $19 (41.3%) below budget, attributable to a decrease in out of province travel and a proportionate decline in the costs associated with travel including air fare, hotel, and food and beverage costs.

Wages and Benefits

Wages and Benefits are $365 (8.8%) below budget. Savings in wages and benefits resulted from:

(a) CLS staff participating in the Voluntary Reduced Work Week Program;

(b) three Crown counsel reducing their work frequency from full time to part time;

(c) the secondment from CLS of one Crown counsel; and

(d) various leaves, including:

- six Crown counsel and five administrative assistants on maternity leave for varying lengths during the fiscal year;
- one Crown counsel on long term disability;
- one Crown counsel on a leave of absence; and
- the Director on a short term leave of absence.

APPENDIX A

Performance Measurement

	Objective	Baseline 1995/96*	1996/97*	1997/98*	1998/99*
Input Measures	To provide timely, high quality, helpful, efficient and cost-effective legal services that meet the needs of its clients, namely, the Government of Manitoba and the government's agencies, boards, committees and those Crown corporations to which CLS provides legal services	32 Full time employees (FTE) 20 counsel 1 articling student 9 admin assistants 1 admin officer 1 director	35 FTE 21 counsel 1 articling student 11 admin assistants 1 admin officer 1 director	42 FTE 24 counsel 2 articling student 14 admin assistants 1 admin/financial officer 1 director	46 FTE 26 counsel 2 articling student 16 admin assistants 1 admin/financial officer 1 director
Output Measures	Number of hours of service provided	27,860 hours	27,454 hours	32,455 hours	38,206 hours
Activity Measures	Average billable hour target per billable day per counsel	6.5 hours	6.5 hours	6.5 hours	6.5 hours
	Average actual billable hours per billable day per counsel	Achieved	Achieved	Achieved	Achieved
Outcome Measures					
Client Satisfaction	General Client Survey	92% of respondents satisfied or more than satisfied**	No survey	93% of respondents satisfied or more than satisfied	No survey
	Client Comment Cards introduced in February 1997			93% of respondents satisfied or more than satisfied	97% of respondents satisfied or more than satisfied
Cost Effectiveness Cost Savings (000's)	Annual Cost Savings The amount charged each year to each client represents a net reduction in the client budget and an on-going budgetary savings to government. The total savings to March 31, 2004, are $33,306	$2,702	$2,657	$3,138	$3,281
	Net Income The difference between the dollar value of service provided each year and the cost to government of CLS's operations in that year. Total savings to March 31, 2004, are $2,514	CLS Net Income $524	CLS Net Income $323	CLS Net Income $252 (Restated)	CLS Net Income $258
	Revenue Sharing Total savings to March 31, 2004, are $1,800				Revenue Sharing Payment $400

* Figures are taken from the Annual Report for each applicable year.

**CLS uses the results of the 1996 Client Satisfaction Survey as an ongoing baseline and target for client satisfaction.

1999/2000*	2000/01*	2001/02*	2002/03*	2003/04
53	56	59	57	58
31 counsel* 2 articling students 16 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director	30 counsel* 2 articling students 20 admin assistants 1 admin officer 1 accounting clerk 1 financial officer 1 director	31 counsel* 2 articling students 22 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	30 counsel* 2 articling students 21 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director	31 counsel* 2 articling students 20 admin assistants* 1 admin officer 1 accounting clerk 1 financial officer 1 director 1 law student
*includes four counsel on maternity leave each for six months of 1999/2000	*includes four counsel and three admin assistants on maternity leave in 2000/01	*includes four counsel and two admin assistants on maternity and extended leave for varying lengths	*includes four counsel and four admin assistants on maternity and extended leave for varying lengths	*includes six counsel and five admin assistants on maternity and extended leave for varying lengths
39,455 hours	41,716 hours	40,328 hours	40,886 hours	38,567 hours
6.5 hours	6.1 hours	6.0 hours	6.0 hours	6.0 hours
Achieved	Achieved	Achieved	Achieved	Achieved
97% of respondents satisfied or more than satisfied	No survey	Survey deferred to 2002/03	97% of respondents satisfied or more than satisfied	No survey
64% of respondents more than satisfied and 36% of respondents satisfied	73% of respondents more than satisfied and 27% of respondents satisfied	94% or more of respondents satisfied or more than satisfied	96% or more of respondents satisfied or more than satisfied	94% or more of respondents satisfied or more than satisfied
$3,600	$4,155	$4,316	$4,789	$4,668
CLS Net Income $44	CLS Net Income $445	CLS Net Income $159	CLS Net Income $363	CLS Net Income $146
Revenue Sharing Payment $500	Revenue Sharing Payment $500	Revenue Sharing Payment $0	Revenue Sharing Payment $200	Revenue Sharing Payment $200

FINANCIAL STATEMENTS

for the year ending March 31, 2004
(In Thousands)

MANAGEMENT REPORT

Manitoba

Justice

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SOA

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File No.
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Chief Operating Officer

Civil Legal Services
An Agency of the
Special Operating Agencies Financing Authority
Province of Manitoba
Responsibility of Financial Reporting

The Agency's management is responsible for the financial statements and other financial information in the annual report. This responsibility includes maintaining the integrity and objectivity of financial data and the presentation of the Agency's financial position and the results of operations in accordance with generally accepted accounting principles. The financial statements have been audited by Magnus & Buffie, Chartered Accountants, independent external auditors.

The Agency maintains a system of internal controls throughout its operation that provides reasonable assurance that the transactions are authorized, properly recorded and reported and that the assets are safeguarded.

The Advisory Board meets regularly with management to review accounting practices, financial reporting and to discuss audit results. The auditors have free and full access to this Board, and to discuss the results of their audit and their views on the adequacy of internal controls and the quality of the financial reporting.

Tom Hague
Chief Operating Officer

May 13, 2004

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

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MARCH 31, 2004

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MAGNUS & BUFFIE

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of Civil Legal Services, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2004 and the statements of earnings and retained earnings and cash flow for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2004 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Magnus & Buffie

May 13, 2004

CHARTERED ACCOUNTANTS

1810 - 444 St. Mary Avenue · Winnipeg, Manitoba · R3C 3T1 · Phone (204) 942-4441 · Fax (204) 944-0400

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

BALANCE SHEET
(in thousands)
MARCH 31, 2004

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash and short term deposits	$ 810	$ 784
Accounts receivable	390	324
	1,200	1,108
RECEIVABLE FROM PROVINCE OF MANITOBA (Note 4)	379	379
CAPITAL ASSETS (Note 5)	85	128
TRUST ASSET	8	7
	$ 1,672	$ 1,622
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 128	$ 100
Vacation payable	408	362
	536	462
SEVERANCE LIABILITY (Note 6)	414	385
TRUST LIABILITY	8	7
	958	854
EQUITY		
RETAINED EARNINGS	714	768
	$ 1,672	$ 1,622

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF EARNINGS AND RETAINED EARNINGS
(in thousands)

FOR THE YEAR ENDED MARCH 31, 2004	2004	2003
REVENUE		
Recoveries	$ 4,668	$ 4,789
Interest and other	6	6
	4,674	4,795
EXPENSES		
Advertising and promotion	4	2
Amortization	52	42
Communications	38	42
Computer	37	34
Desktop management initiative	203	221
Equipment rental	4	5
Government records centre	16	8
Law Society fees	35	33
Law cases disbursement fund	22	25
Miscellaneous	7	5
Occupancy	173	162
Office	46	36
Postage and deliveries	8	10
Professional fees and services	42	45
Publications	28	26
Travel	27	31
Wages and benefits	3,786	3,705
	4,528	4,432
NET EARNINGS FOR THE YEAR	146	363
RETAINED EARNINGS, beginning of year	768	605
	914	968
REVENUE SHARING - PROVINCE OF MANITOBA	200	200
RETAINED EARNINGS, end of year	$ 714	$ 768

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

STATEMENT OF CASH FLOW
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
CASH FLOW FROM (USED IN)		
OPERATING ACTIVITIES		
Net earnings for the year	$ 146	$ 363
Adjustment for		
Amortization	52	42
	198	405
Changes in the following		
Accounts receivable	(66)	17
Accounts payable and accrued liabilities	28	(8)
Vacation payable	46	20
	206	434
FINANCING ACTIVITIES		
Change in severance liability	29	36
Revenue sharing - Province of Manitoba	(200)	(200)
	(171)	(164)
INVESTING ACTIVITY		
Capital asset additions	(9)	(10)
CHANGE IN CASH AND SHORT TERM DEPOSITS	26	260
CASH AND SHORT TERM DEPOSITS, beginning of year	784	524
CASH AND SHORT TERM DEPOSITS, end of year	$ 810	$ 784

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2004

1. NATURE OF ORGANIZATION

The role of Civil Legal Services (the "Agency") flows from the constitutional and statutory responsibilities of the Minister of Justice as the Chief Legal Advisor to government and the guardian of the public interest. Acting pursuant to government policy, the Agency is responsible for providing a full range of high quality legal services, on a cost recovery basis, to its clients, namely the Government of Manitoba, the government's agencies, boards and committees and some Crown corporations.

On April 1, 1992, the Agency became the first government legal services office in Canada to recover the cost of providing legal services to its clients. While a number of provinces and the federal government are currently looking at the issue of cost recovery for in-house legal services, the Agency remains the only government legal services office to operate on this basis.

Effective April 1, 1995, the Agency was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap. s185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). The Financing Authority has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. The financial framework provides increased management authority which, coupled with more rigorous planning and reporting requirements afforded by Special Operating status, assists the Agency to sustain the provision of high quality legal services to its clients.

A Management Agreement between the Financing Authority and the Minister of Justice assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of the Financing Authority.

The Agency continues to be part of Manitoba Justice under the general direction of the Deputy Minister and Minister.

The Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided for in its charter in order to meet business objectives.

The Agency is economically dependent on the Province of Manitoba because it derives most of its revenue from the Province and all of its financing requirements through the Financing Authority.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Reporting: The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized as follows:

Capital Assets: Capital assets are recorded at cost and are amortized over their estimated useful lives as follows:

Computer Equipment and Software	20% straight line (10% in year of acquisition)
Furniture and Fixtures	20% straight line (10% in year of acquisition)
Leasehold Improvements	20% straight line (10% in year of acquisition)

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2004

3. FINANCING ARRANGEMENTS

The Special Operating Agencies Financing Authority has provided the Agency with an authorized line of working capital of $500 of which $nil was used at March 31, 2004.

4. RECEIVABLE FROM PROVINCE OF MANITOBA (Note 6)

The receivable from the Province of Manitoba is for vacation and severance entitlements earned by the employees of the Agency prior to creation of the Special Operating Agency and severance pay benefits prior to April 1, 1998. The balance is comprised of:

	2004	2003
Vacation Entitlements	$ 140	$ 140
Severance Pay Benefits	239	239
	$ 379	$ 379

The timing of the collection of these receivables will vary. The receivable, or portion thereof, will be collected in the event that there is a cash shortfall. However, this is only likely to happen on the dissolution of the Agency.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2004	Net Book Value 2003
Computer Equipment and Software	$ 73	$ 36	$ 37	$ 54
Furniture and Fixtures	184	141	43	67
Leasehold improvements	53	48	5	7
	$ 310	$ 225	$ 85	$ 128

6. SEVERANCE LIABILITY

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The estimate of the liability is based on the method of calculation set by the Province.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability as at April 1, 1998 calculated at $248 was completely offset by a receivable from the Province.

An actuarial valuation report of the Agency's severance as at March 31, 2000 was completed in prior years. The receivable from the Province was estimated at $239 as a result of the actuarial valuation. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarial liability has been calculated to be $414 as at March 31, 2004.

NOTES TO FINANCIAL STATEMENTS
(in thousands)
MARCH 31, 2004

7. LEASE COMMITMENTS

The Agency has not entered into a lease agreement with the Province of Manitoba for rental facilities at 405 Broadway. Occupancy charges for the year ending March 31, 2005 are estimated to be $217.

CIVIL LEGAL SERVICES
AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

SCHEDULE OF PUBLIC SECTOR COMPENSATION DISCLOSURE
(in thousands)
FOR THE YEAR ENDED MARCH 31, 2004

The Public Sector Compensation Disclosure Act requires all publicly funded bodies to disclose compensation to any employee or board member when such compensation exceeds $50 per annum. This information follows:

EMPLOYEE	TITLE	COMPENSATION 2004	2003
I. Allen	Legal Counsel	$ 95	$ 93
E. Andres	Legal Counsel	93	91
J. Barak	Legal Counsel	83	77
A. Berg	Legal Counsel	104	99
T. Bjornson	Legal Counsel	75	62
T. Brothers	Legal Counsel	52	52
J. Frederickson	Legal Counsel	-	60
I. Frost	Legal Counsel	99	96
D. Gisser	Legal Counsel	99	96
D. Guenette	Legal Counsel	77	69
T. Hague	Director	87	103
G. Hannon	Legal Counsel	99	96
S. Hoeppner	Legal Counsel	98	91
B. Jones	Legal Counsel	69	64
J. Kapac	Legal Counsel	63	95
A. Ladyka	Legal Counsel	67	60
D. Lofendale	Legal Counsel	95	96
J. Mann	Legal Counsel	63	-
W. McFetridge	Legal Counsel	104	99
M. McGunigal	Legal Counsel	-	69
G. Mildren	Legal Counsel	104	99
S. Pierce	Legal Counsel	99	96
K. Ranson	Legal Counsel	66	60
C. Romeo	Legal Counsel	98	93
K. Scott	Legal Counsel	73	65
D. Seale	Legal Counsel	-	69
N. Trenholm	Legal Counsel	98	92
M. Webb	Legal Counsel	99	96
I. Wiebe	Legal Counsel	66	92
R. Winters	Legal Counsel	99	96